

Qwest's competitive efforts pass muster

The UTC believes Qwest has opened its network to competition enough to earn the right to offer long-distance service to its customers. The commission's decision made early in July completes a two-year review of Qwest's telephone operations in Washington.

The commission also approved a performance plan that will require Qwest to pay up to \$81 million—more than one-third of its revenues from local telephone service—in credits to competitors and the state if its performance levels slip.

The decision by the UTC does not, by itself, allow Qwest to offer its customers long-distance service in competition with AT&T, MCI, Sprint, and other carriers. Under a federal law passed in 1996, Qwest is allowed to enter the long-distance market only after it shows to the Federal Communications Commission (FCC) that it has opened its local phone network to competition. Qwest formally applied to the FCC shortly after the UTC's decision.

During the review, the UTC held a series of technical workshops and hearings to gather evidence from Qwest and its competitors. The UTC also participated in a multi-state test of the operations systems that competitors use to gain access to customers on Qwest's phone network.

During this review the UTC found problems in the contractual conditions Qwest imposed on competitors and ordered the company to correct them in Qwest's standard interconnection contract. The multi-state test also detected areas where Qwest did not provide comparable service to competitors, and the company was required to make corrections. The test was delayed for several months while Qwest corrected its systems. In its order, the commission declared it is now satisfied that competitors have fair access to Qwest's phone network.

PSE, Avista to track ongoing power costs

The dust has settled from the Puget Sound Energy and Avista rate cases and so have the companies' rates.

As a result of the adopted settlement in June, Puget residential customers using 1,000 kilowatt hours of electricity in a summer month now pay \$61.17—a little more than a 3 percent increase from last year's tab.

Avista residential customers, while paying slightly less than Puget customers, experienced a steeper increase. An Avista customer using 1,000 kilowatt hours now pays \$55.80—up almost 23 percent from the same time last year.

Provisions of the rate case decisions allow both companies to track their power-supply costs and sales. The commission has worked out with each company a process that will make it possible to adjust rates without a formal, 10-month rate case. The process would only be triggered if power costs deviate significantly from what is supported in rates.

The process also tracks and accounts for when the companies make money from power sales and includes safeguards to ensure the utilities manage their power costs efficiently.

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FCC decision results in higher local phone rates

The subscriber line charge, often referred to as a federal access or customer access fee, has increased again. Just a few years ago, the charge was \$3.50 a month. Now, depending on your phone company, the charge is either at or near \$6 a month for the first residential phone line.

The proceeds of this charge goes directly to your phone company with the blessing of the Federal Communications Commission. It is, for all practical purposes, the federally-regulated portion of your local phone bill.

Some phone companies make this charge appear like a tax. For instance, Qwest includes the charge under its "Taxes, Fees, and Surcharges" section of the bill, saying it is billed at "the request of local, state, or federal government and/or to support government programs."

While the FCC gives your company permission to apply this charge, the beneficiary is the local phone company.

The increase in the subscriber line charge has been part of the FCC's effort to reform the way local phone companies derive their revenues. In exchange for a higher per-line charge, local phone companies have been lowering the charges they assess to long-distance companies for originating and completing toll calls.

Though customers pay more on a per-monthly basis, theoretically they will pay less for their long-distance calls. Assuming, of course, long-distance companies pass their savings on to customers.

Question before accepting collect call

Collect calls can take you by surprise. But don't let surprise turn into a scam. Around the country, reports are coming in of people receiving collect calls from strangers. Unfortunately, the mistake is not caught until AFTER the call, and its charges, are accepted.

Before accepting a collect call, consider doing this:

- 1) Ask the operator to allow the caller to say their name and address so you can verify the caller. Make sure you're paying to talk to the right person.

- 2) Ask the operator how much the call will cost.

Collect calls are expensive calls but knowing just how expensive will let you know whether you wish to keep the call brief.

If it is an automated call, you might have to wait until a live operator comes on who can answer your questions.

If you were not allowed to reject the collect call or if you experience any other problems you should file a complaint with the Federal Communications Commission. Mail your complaint to:

Federal Communications Commission
Consumer & Governmental Affairs Bureau
Consumer Inquiries and Complaints Division
445 12th Street, SW
Washington, DC 20554

To file a complaint electronically, go to www.fcc.gov/cgb and click on the complaint form or e-mail at fccinfo@fcc.gov.

You can also file a complaint with the UTC either via our website or by phone (800-562-6150).



CONSUMER NEWS IN BRIEF

FCC offers wireless phone booklet

The Federal Communications Commission has a new eight-page booklet, "What You Should Know About Wireless Phone Service," that answers many of the questions consumers have when they consider getting a cell phone. The booklet explains the often confusing issues of coverage, pricing and handsets, including the "bucket" of minutes concept, how roaming works, the difference between analog and digital, and addresses many more topics of interest to consumers.

Copies are available through the FCC's Consumer Center at 1-888-225-5322 (voice) and 1-888-835-5322 (TTY) or via Internet at: <http://www.fcc.gov/cgb/wirelessphone.pdf>

Fact sheets that move you

The UTC now offers two new fact sheets to accompany its Smart Moving Guide. One describes the various property protection plans you can consider when moving ("*Mover's Liability: How much protection do you need?*") and the other covers situations when storage may be required ("*When your move involves storage?*") For a free copy of the mover's guide and/or fact sheets, call 888-437-0565 (Wash. State only).

Wireless company designed for rural service

The commission has designated RCC Minnesota (d/b/a Cellular One) as an Eligible Telecommunications Carrier (ETC) for areas in southeastern, northeastern, and north-central Washington. The designation allows the wireless company to tap federal universal-service funds when investing in local phone service in the the areas. In approving the application, UTC commissioners said the designation would result in increased infrastructure investment, provide choices to customers, and improve safety in rural areas.

Pipeline Safety Committee starts third year

The Citizens Committee on Pipeline Safety moves into its third year of operation. The governor is expected soon to make his latest committee appointments, just in time for the committee to take an active role in hashing out with federal regulators guidelines for pipeline companies to follow in promoting public education and awareness. The committee was created in the aftermath of the 1999 Bellingham pipeline explosion. Follow committee activities at: wutc.wa.gov/pipeline/ccops.

Qwest closer to entering long distance business

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If federal regulators agree with the UTC and approve Qwest's application, the company could begin offering long-distance services as early as October. Currently, Qwest is limited to long-distance calls that do not cross state lines or go between Eastern and Western Washington.

The UTC's decision does not affect the regulation of retail rates. Under Washington law, a telephone company's rates are regulated unless it shows that it does not have a captive customer base.

While Qwest may have opened its network to competitors, it does not mean all customers have access to other local phone providers. Qwest competitors have about 312,000 access lines, compared to Qwest's 2.6 million lines.

Washington is one of 14 states where Qwest is the local telephone company and is seeking to enter the long-distance business. Qwest is the state's largest phone provider serving the cities of Seattle, Tacoma, Olympia, Bellingham, Bellevue, Aberdeen, Longview, Vancouver, Bremerton, Spokane, Moses Lake, Yakima, Pasco, and Walla Walla.





UTC staff tips on how to avoid phone bill shock

We asked UTC staff what the most important things they did to keep their phone bill

low. The most common suggestions, not surprisingly, match what this newsletter has offered many times before:

Review your bill for unusual calls and charges.

Understand your calling habits.

Be willing to change your service or provider.

Question anything unusual.

Complain about bad service.

The above tips are the best ones to follow but here are a few specific suggestions to help you either save money or think differently about your service.

Prepare for emergency phone use. Even cell phone users may have to rely on a pay phone or motel phone at some point. It pays to be ready either with a reliable calling card or prepaid calling card—see our Frequently Asked Question section on Page 6 for more on this useful service.

Cut your taxes. City utility taxes should only be paid by residents who reside within the city limits. However, because mailing codes rarely coincide with city boundaries, we routinely find folks who are paying the tax who shouldn't. If you live outside the city, check the taxes section of your bill for both local and long-distance service. If you're paying a municipal tax, call the company and inform them of where you live.

Use Promotions and Customer Benefits. When you order telephone service, ask the company about any service-quality credits or customer guarantees it offers. Some companies, for instance, provide credits to customers if they fail to install the service on time. When adding a discretionary

service, such as a second line or DSL, consider waiting for a promotion period when the company might waive the installation charge or offer a month of free service.

Caller ID alternative. Caller ID is a convenient and popular service but it does require a monthly charge. You can get some of the benefits of the service, however, without the expense. For instance, you can screen calls with an answering machine. It will take messages for you while you're gone—eliminating the need for voice mail—and you will be able hear who is calling before you answer the phone. You can even retrieve a phone number of a missed call by dialing *69 (75-cent charge per use).

Low-income phone assistance. The Washington Telephone Assistance Program provides eligible low-income customers a waiver on installation fees and a low monthly local phone service charge. Call 1-888-700-8880 for more information.

Virtual telephony. Can't afford or don't want a phone? Consider a voice mailbox. This service provides a phone number and a way to record messages. You'll still have to find a phone to get your messages and return them but it can be a nice solution for someone who is without a permanent home. It's also a nice tool for companies who wish to have a local phone presence in a city where they are not located. By the way, if you're homeless, several cities in Washington offer voice mailboxes for free.

What's your favorite tip for saving on your phone bill? Send us your suggestions at newseditor@wutc.wa.gov or by postal service at P.O. Box 47250.

Vicki Elliott, Diana Otto, Roger Kouchi, Nancy Stanton, Dave Dittmore and Tim Sweeney contributed ideas to this story.

Top 10 Reasons Water Rates Increase



The UTC regulates privately owned water companies. The vast majority of us receive water from government or customer-owned facilities. These systems are not subject to our rate regulation but the pressures on water rates are similar to the ones experienced by private water companies. Below are the top ten causes of water rate increases for regulated companies.

1. Higher costs most often derive from complying with the federal Safe Drinking Water Act's water testing requirements (multiple types) and regulations for water treatment. The law also requires an annual report informing water customers about the quality of their water, as well as other vital public health information.

2. Water System Plans are comprehensive planning documents required by the Washington Department of Health. A licensed engineer must prepare these plans every six years. Designed to address growth, conservation, and emergency response, the plans can be very technical and expensive to create.

3. Growth puts significant pressure on a water system budget. New customers require higher water capacity which may mean additional wells, larger water storage tanks, booster pumps, pipes, etc. will need to be built.

4. System maintenance can require more investment, such as replacing and repairing existing pipes, meters, water treatment systems, purchasing easements, fire hydrants, etc.

5. Labor costs have to increase to retain staff and maintain insurance. Adding technical staff to meet water-quality standards and growth demands can also drive up costs.

6. Operating costs include electricity, office space, phone and other utilities, postage, billing capability, paper, envelopes, etc.

7. Professional costs include attorney fees, engineering, and accountants.

8. Loans and interest payments are required to ensure new investment.

9. The size of the water system can also be a cause of rate increases. With few customers to share the costs, even small costs can drive rates up. Unfortunately, state law encourages developers to build systems with six or less houses by exempting such systems from water-right requirements.

10. Finally, rates can increase as a result of rate designs that foster water conservation and fairness. Newly metered systems may require customers to adjust their water use or pay more for the water they use.

Also, eliminating the practice of providing a free base allotment of water (often called "zero allowance") can benefit those who use less water but raises the bill for those who use more water.



FREQUENTLY ASKED QUESTIONS

Prepaid cards: Service you can carry with you



What are Prepaid Calling Cards?

These cards allow you to pay for long-distance calling in advance—like postage stamps. The cards fit easily in a wallet, can be purchased from stores or vending machines and allow you to make calls from virtually any phone. They come in various amounts with \$5 cards being about the smallest denomination.

How do they work?

When you buy a card, you have paid for that amount of credit with a telecommunications company. The card will provide directions on how to access your credit (usually you dial a toll-free number and enter an access code). You can make multiple local and long-distance calls off of the same prepaid calling card.

Caution advised at first

Remember you pay before you receive. It makes sense to go slow when trying out a new company. Prepaid calling card rates are very competitive but you need to gauge the price against the level of risk you're willing to take. If you're interested in using a company you have not used before, purchase a low-denomination card at first and see if you are satisfied with the service.

What problems could occur?

Common complaints regarding prepaid phone cards include access numbers that don't work or are busy, rates that are higher than advertised, hidden charges, poor quality connections and the service expiring before the card can be fully used.

What's the role of the retailer?

The UTC regulates the phone company, not the retailer. That means the UTC's refund requirement only applies to the telephone company. However, you can still ask and expect the retailer to stand behind the product it sells.

What information is required

The following information must be available when you purchase a card:

- Name of the company providing the phone service.
- Toll-free number(s) you will need to reach the company's business and technical-assistance office.
- Instructions necessary to activate and use the card.
- Any authorization or access code required to place calls.
- Expiration date if one exists.
- Maximum charge per minute or unit for calls made within Washington as well as to other states in the country.
- Any additional surcharges, fees or taxes.
- Procedure for extending the card's time if possible.

What happens when time runs out

When your card is spent, any call in progress will be terminated. Companies are required to make an announcement one minute before the card account is depleted to allow you time to wrap up your conversation.

Few resources on cable service rules

We frequently get questions or requests for assistance concerning cable television service. Since the UTC regulates telephones, some people assume we regulate cable also. We don't. So who does?

Traditionally, the Federal Communications Commission (FCC) has regulated the cable industry. But most of the FCC's regulations focus ensuring fair competition among cable and satellite companies. This includes issues such as mandatory carriage of television broadcast signals, program access, over-the-air reception devices, open video systems, commercial availability of set-top boxes and the accessibility of closed captioning and video description on television programming.

The FCC also defines a basic quality of service which cable subscribers are entitled to receive. However, cable rates are not regulated.

Local governments weigh in on cable companies when they negotiate cable franchise agreements. A city, county, or other local governmental body usually has a special board which develops policies and the franchise agreements with the cable companies who will provide service in their area. Usually a local government department manages these agreements, ensuring that the policies are followed and that services are properly delivered. Seattle, for example, has the city's Office of Cable Communications.

The FCC recommends that consumers always contact their local cable television company first if they have a complaint. If the problem is not resolved, then contact the appropriate local government department.

The FCC's Media Bureau provides a **"Cable Television Fact Sheet"** for consumers. It explains the different circumstances under which to contact your cable company, your local government office, or the FCC. This fact sheet is available at the FCC website at <http://http://www.fcc.gov/mb/facts/complain.html> or by calling the FCC Media Bureau *toll-free* at 1-888-225-2322 to request that a copy be mailed to you.

This information is provided by Mary Lu White, a state librarian assigned to the UTC.

Consumer group offers website, guide, advocacy

Washington consumers now have help when grappling with telephone issues. A new coalition of consumer organizations is talking telephones.

The Telecommunications Consumer Education Consortium was founded to provide advocacy, education, and outreach services for Washington telecommunication consumers.

One of its most tangible products to date is "Guide to Telephone Services in Washington State," a comprehensive handbook produced by coalition member Spokane Neighborhood Action Program.

You can order copies of the handbook by writing John O'Rourke, SNAP, 212 W. 2nd Avenue, Spokane, WA 99201 or by downloading it from the coalition's website: www.tcec.org.

Another coalition member hosts an educational website dedicated to helping adults sort through the maze of telephone issues (www.acetel.org). The Central Washington Educational School District built the site with help from other coalition members, including SNAP, Senior Services of Seattle, Affiliated Tribes of Northwest Indians and the Small Business Center for Education.

The coalition also has been active in commenting on UTC proposed rules, promoting a Consumer Bill of Rights and educating organizations and people on the availability of low-income telephone assistance programs.

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RETURN SERVICE REQUESTED

In This Issue

Read about Qwest getting state approval to enter the long-distance market, UTC staff's tips on saving money on your phone bill, 10 reasons why your water rate will increase, answers about prepaid calling cards, what to do when you receive a collect call and much more.

Helpful ideas to benefit your wallet. . .

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